Corporate Update

IJM Corporation Berhad

(3336 | IJM MK) Main | Construction

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

2QFY26 Results Review
Below Expectations

Maintain **BUY**

Unchanged Target Price **RM3.60**

Maintain BUY. We are revising our earnings estimates downward for FY26F by -15% to reflect weaker-than-expected earnings performance. Nevertheless, we maintain our **BUY** recommendation on IJM with an unchanged target price of RM3.60, pegging its FY27F EPS of 14.8 sen to a PER of 24.3x, consistent with its three-year historical mean. While 2QFY26 results fell short of our projections, we remain positive on its outlook as legacy low-margin projects are nearing completion while IJM managed to secure an RM5.3b, with 66.0% concentrated in data centre projects. Hence IJM would then see less of a margin drag and better bottom line numbers in the coming quarter ahead.

Below Expectations. Despite IJM Corporation Berhad (IJM) posting a stronger revenue of RM1.67b (+10.4%yoy), its core net profit declined by -9.7%yoy to RM122.4m. The revenue uplift was driven by higher contributions from the construction and industry divisions, while the weaker bottom line stemmed from reduced profitability in property development and compressed margins within the construction segment. Overall, the results fell short of expectations, achieving only 38.1% of our full-year forecast and 36.6% of consensus estimates.

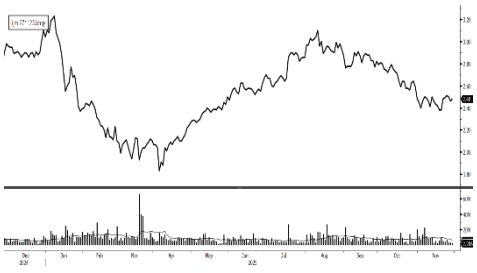
Construction division underperforms. Although segment revenue surged +54.1%yoy to RM1.80b for 6MFY26, profit before tax grew at a slower pace of +37.4%yoy, primarily due to the execution of lower-margin legacy projects during the period. Consequently, PBT margins contracted to 4.0% in 6MFY26 from 4.5% in 6MFY25, reflecting margin pressure despite higher activity levels.

Property development underperforms. Segment revenue declined -23.8%yoy to RM570.1m during 6MFY26, while PBT falling sharply by -51.1%yoy to RM34.3m, primarily due to weaker sales performance. Property sales during the period totaled RM555.6m, while land sales contributed RM163.4m, reflecting subdued demand during the period.

Order book outlook for FY26. IJM has secured RM5.3b worth of new contracts in FY26, with approximately 66% comprising data centre construction projects in Johor Bahru and Elmina. Domestically, the group continues to pursue opportunities in industrial buildings—including logistics facilities and semiconductor foundries—alongside major infrastructure projects such as the Penang LRT, Penang International Airport expansion, Sarawak development initiatives, and the Merdeka 118 commercial block. We expect tendering momentum to remain strong across both public and private sectors, supported by a robust pipeline of high-value projects.

RETURN STATISTICS	
Price @ 27th Nov 2025 (RM)	2.48
Expected share price return (%)	+45.2
Expected dividend yield (%)	+3.2
Expected total return (%)	+48.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.1	-3.1
3months	-12.1	-18.3
12 months	-11.7	-12.4

INVESTMENT STATISTICS

FYE Dec	2025A	2026F	2027F
Revenue	6,252.0	5,001.6	5,851.9
Operating Profit	1,093.7	1,085.3	1,258.2
Profit Before Tax	791.1	825.3	965.6
Core PATAMI	523.0	395.1	520.8
Core EPS	14.9	11.3	14.9
DPS	8.0	8.0	8.0
Dividend Yield	2.90%	2.90%	2.60%

KEY STATISTICS	
FBM KLCI	1,617.46
Issue shares (m)	3506.13
Estimated free float (%)	80.38
Market Capitalisation (RM'm)	8,692.81
52-wk price range	RM1.79 - RM3.28
3-mth average daily volume (m)	8.32
3-mth average daily value (RM'm)	22.24
Top Shareholders (%)	
Employees Provident Fund Board	18.11
Amanah Saham Nasional Bhd	12.93
Kumpulan Wang Persaraan Diperbadan	9.61

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IJM: 2QFY26 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results				Cumulative			
Income Statement	**Q226**	**Q126**	**Q225**	**QoQ**	**YoY**	**6MFY26**	**6MFY25**	**YoY**
Revenue	1,674.2	1,733.4	1,516.3	**-3.4%**	**10.4%**	3,407.6	2,920.6	**16.7%**
Gross Profit	335.5	324.8	386.8	**3.3%**	**-13.2%**	660.4	703.1	**-6.1%**
Net Operating Expenses	(166.2)	(97.5)	(148.6)	**-70.4%**	**-11.9%**	(263.8)	(231.1)	**-14.1%**
Operating Profit	169.3	227.3	238.2	**-25.5%**	**-28.9%**	396.6	472.0	**-16.0%**
Finance Costs	(62.3)	(72.7)	(72.1)	**14.3%**	**13.5%**	(135.1)	(148.7)	**9.2%**
JV and Associates	13.8	(1.8)	(13.9)	**861.5%**	**199.6%**	12.0	(17.9)	**167.2%**
Profit Before Tax	120.8	152.7	152.2	**-20.9%**	**-20.6%**	273.5	305.3	**-10.4%**
Tax Expense	(56.6)	(45.1)	(64.4)	**-25.5%**	**12.2%**	(101.6)	(110.9)	**8.4%**
Minority Interest	(13.4)	0.4	1.8	**-3083.0%**	**-827.5%**	(12.9)	9.9	**-229.8%**
Perps.	11.8	11.6	11.7	**1.5%**	**0.5%**	23.4	23.4	**0.2%**
Reported Net Profit	65.8	95.6	74.2	**-31.2%**	**-11.4%**	161.4	161.1	**0.2%**
Core Net Profit	122.4	75.0	135.6	**63.2%**	**-9.7%**	197.5	234.7	**-15.9%**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	4,572.5	5,918.8	6,252.0	5,001.6	5,251.7
Gross Profit	1,179.9	1,550.2	1,585.2	1,325.4	1,391.7
Net Operating Expenses	(439.1)	(277.5)	(491.6)	(240.1)	(262.6)
Operating Profit	740.9	1,272.8	1,093.7	1,085.3	1,129.1
Finance Cost	(255.3)	(307.1)	(283.2)	(200.1)	(240.1)
PBT	483.0	964.2	791.1	825.3	866.5
Tax	(271.4)	(299.0)	(323.8)	(250.1)	(262.6)
PAT	158.3	600.3	403.4	395.1	435.9
Net Profit	294.1	505.2	523.0	395.1	435.9
Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Fixed assets	5,207.2	5,861.7	5,564.4	5,842.6	6,134.7
Intangible assets	125.4	111.8	112.4	101.6	101.6
Non-current assets	**8,676.1**	**9,212.2**	**9,382.1**	**9,649.5**	**9,941.7**
Cash	2,825.2	2,870.4	2,494.0	2,407.9	2590.7
Trade debtors	1,261.8	1,752.3	2,264.6	2,163.6	2,271.8
Current assets	**11,834.5**	**12,103.1**	**12,387.2**	**12,467.6**	**13,050.7**
Trade creditors	2,679.8	2,758.3	3,130.5	2,488.5	2483.2
Short-term debt	1,696.6	1,701.3	1,832.4	1,790.0	1,790.0
Current liabilities	**4,800.8**	**5,014.8**	**5,523.9**	**4,881.9**	**4,876.6**
Long-term debt	3,651.0	3,800.4	3,960.9	4,040.1	4,120.9
Non-current liabilities	**4,490.0**	**4,724.2**	**4,914.5**	**4,993.8**	**5,074.6**
Share capital	6,132.4	6,132.4	6,132.4	6,132.4	6,132.4
Retained earnings	4,024.6	4,342.2	4,465.2	4,804.4	5,143.6
Equity	**10,961.1**	**11,318.9**	**11,330.8**	**11,670.0**	**12,009.2**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	483.0	964.2	791.1	825.3	866.5
Operating cash flow	**1,078.4**	**1,159.5**	**695.8**	**730.0**	**771.3**
Capital expenditure	(195.7)	(257.8)	(396.5)	(250.0)	(250.0)
Investing cash flow	**(159.0)**	**(294.7)**	**(765.8)**	**(918.9)**	**(1,102.7)**
Debt raised/(repaid)	(220.5)	(36.8)	366.6	146.7	58.7
Dividends paid	(211.4)	(280.7)	(280.5)	(280.7)	(280.7)
Financing cash flow	**(1,001.4)**	**(835.5)**	**(314.0)**	**(534.2)**	**(622.2)**
Net cash flow	**(82.0)**	**29.3**	**(383.9)**	**(723.1)**	**(953.6)**
Beginning cash flow	**2,887.5**	**2,807.8**	**2,845.7**	**2,449.8**	**1,726.7**
Ending cash flow	**2,807.8**	**2,845.7**	**2,449.8**	**1,726.7**	**773.1**

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology